

Online Retail Working Group

October Update

10/23/2012

Issues for October

- Continued discussion on the importance of a unified tax base both for simplification and to position the state at a point where it may be able to take advantage of new legislation allowing state and local governments to administer the collection of sales/TPT on online and remote sales.

Issues for October

- Importantly, we have not engaged in discussion regarding revenue implications.
- While important for State budget policy, revenue implications are outside the focus of the working group.
- Estimates of revenue impact are crude and primarily available only from a single source.
- The legislature has the ability to set tax rates once any new tax base is established.

Issues for October

- Instead we have focused on issues that pertain to leveling the playing field in retail by eliminating distortions induced by the current tax structure.
- These distortions clearly disadvantage Arizona brick and mortar retailers putting downward pressure on their ability to hire workers in Arizona.

Issues for October

- Much of the task force testimony has been directed toward identifying the nature of these distortions:
 - Cloud computing
 - Online hotel booking aggregators

Other Issues

- Sourcing
- Request by counties for consideration on use tax provisions in any legislation that is advanced
- Update on Federal Legislation